

ORIGINAL

BEFORE THE

Federal Communications Commission

WASHINGTON, D.C. 20554

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In the Matter of

Amendment of Section 76.51 of the)
 Commission's rules to Include)
 Concord, California in the)
 San Francisco-Oakland-San Jose,)
 California, Television Market)

FEDERAL COMMUNICATIONS COMMISSION
 MM DOCKET 93-232
 OFFICE OF THE SECRETARY

93-232

TO: Chief, Mass Media Bureau

COMMENTS

First Century Broadcasting, Inc., licensee of KFCB-TV, Channel 42, Concord, California (KFCB) files these comments in response to the Notice of Proposed Rulemaking, DA93-232 (released August 19, 1993). KFCB filed a petition seeking to change the San Francisco-Oakland-San Jose, California television market to include Concord, California. In response, the FCC issued its NOPR, supra. The FCC concluded, "Based on the facts presented, we believe that a sufficient case for redesignation in the subject market has been set forth so that this proposal should be tested through the rulemaking process, including the comments of interested parties." Id. at ¶7. Comments are to be filed on or before September 22, 1993; and Reply Comments are to be filed on or before October 2, 1993.

KFCB files comments supporting the inclusion of Concord, California in the San Francisco-Oakland-San Jose, California television market. In support of this proposed redesignation, it incorporates by reference the arguments made in its Petition for

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Rulemaking in this proceeding filed on June 29, 1993. (Copy attached.)

Respectfully submitted,

FIRST CENTURY BROADCASTING, INC.

GAMMON & GRANGE, P.C.
8280 Greensboro Drive
Seventh Floor
McLean, VA 22102-3807
(703) 761-5000

By A. Wray Fitch III
A. Wray Fitch III
Its Attorney

September 22, 1993

[0060/C93awfComments]

WASHINGTON, D.C. 20554

**Amendment of \$76.51,
Major Television Markets
(San Francisco-Oakland-
San Jose, California)**

PETITION FOR RULEMAKING

A. Background Information.

KFCB is an independent UHF station which commenced broadcast operations in 1985. It is licensed to Concord, California which is part of what is commonly referred to as the Bay area. Concord is 32 miles from San Francisco, 40 miles from San Jose, and 19

miles from Oakland. Arbitron includes KFCB within the San Francisco-Oakland-San Jose ADI.

KFCB competes directly with other television stations licensed to San Francisco, San Jose, and Oakland. KFCB places a Grade A signal over San Francisco, San Jose and Oakland. In turn, the Grade A signals of the commercial stations licensed to San Francisco, Oakland, and San Jose totally encompass Concord.¹

Without market redesignation as requested by KFCB, KFCB is put at a significant competitive disadvantage with other stations in the market. Generally, under the Commission's new cable rules, all cable systems within a station's ADI must carry stations within the ADI. See Report and Order Broadcast Signal Carriage Issues, FCC 93-1244 (released March 29, 1993). There are two provisos. First, a station must deliver an adequate headend signal to the cable system, and secondly, a station must agree to indemnify a cable system for any increased copyright liability. See Rule 76.51(c)(e) and 76.56(b). It is compliance with the later proviso that puts KFCB at a competitive disadvantage. There is no copyright liability for local stations -- that is for stations whose city of license is within 35 miles of the cable system. For a station licensed to a city which is listed

¹ These commercial stations are: KTVU, Oakland, California (Channel 2 Fox); KRON-TV, San Francisco (Channel 4 NBC); KPIX, San Francisco (Channel 5 CBS); KGO-TV, San Francisco, (Channel 7 ABC); KNTV, San Jose (Channel 11 ABC); KDTV, San Francisco (Channel 14, Independent); KOFY-TV, San Francisco (Channel 20, Independent); KTSF, San Francisco (Channel 26, Independent); KICU-TV, San Jose (Channel 36, Independent); KCNS, San Francisco (Channel 38, Independent); KBHK-TV, San Francisco (Channel 44, Independent); KSTS, San Jose (Channel 48, Independent); and KLXV-TV, San Jose (Channel 65, Independent).

in a hyphenated market, that station is local with respect to all cable systems within 35 miles of each of the other hyphenated cities as well.² In sum, although KFCB must compete in the same market as stations licensed to San Francisco, Oakland and San Jose, those stations are considered local stations to many more cable systems than KFCB. The result is that they have far less potential copyright liability. This economic disparity undermines the viability of KFCB.

B. Argument.

The San Francisco-Oakland-San Jose market is the fifth largest of the top 100 television markets listed in §76.51 of the Commission's Rules. The significance of the markets listed, including hyphenated markets, is its use in defining the scope of compulsory copyright license liability for cable operators and for territorial exclusivity rights under §73.658(m).³

The theory behind a hyphenated market is based on the premise that stations licensed to any of the named communities in a hyphenated market compete with the stations licensed to any of the other communities in the hyphenated market. A hyphenated television market has more than one major population center

² The Copyright Act obligates operators of cable television systems to pay royalty fees for the carriage of a distant, as opposed to a local, television station. Local signals are defined for copyright purposes in Section 111(f) of the Copyright Act as stations subject to mandatory carriage pursuant to the Commission's must carry rules in effect on April 15, 1976.

³ Rule 73.658(m) generally permits a television station to buy exclusive rights to non-network programming vis a vis other television stations in the same market and against stations no more than 35 miles distant.

supporting all the stations in the market. Market hyphenation helps equalize competition. Redesignation of the San Francisco-Oakland-San Jose-Concord market would permit market area cable systems to carry KFCB on an equal basis with other television stations licensed to the market without incurring distant signal copyright liability.

The Commission has considered some or all of the following factors as relevant in evaluating requests for hyphenation of a market:

- (1) The distance between the proposed community and the existing designated communities;
- (2) Whether cable carriage, if afforded to the subject station, would extend to areas beyond its Grade B signal coverage area;
- (3) The presence of a clear showing of a particularized need by the station requesting the change of market designation; and
- (4) An indication of benefit to the public from the proposed change.

See Major Television Markets (Fresno/Visalia, California), 57 RR2d 1122 (1985). An analysis of these factors assists the Commission in determining whether stations compete and whether hyphenation is warranted. The Commission also noted in its Report and Order, supra, that, "We will expect to receive evidence that demonstrates commonality between the proposed community to be added to a market designation and the market as a whole in such petitions." Id. at ¶50.

The facts demonstrate that Concord should be included in the existing San Francisco hyphenated market. It is evident that the communities, including Concord, constitute a single television

market. Concord is only 32 miles from San Francisco, 40 miles from San Jose, and 19 miles from Oakland. Concord receives Grade A service from all stations licensed to San Francisco, Oakland, and San Jose. KFCB provides Grade A service to San Jose, San Francisco, and Oakland. See Major Television Markets (Orlando-Daytona Beach-Melbourne-Cocoa, Florida), 57 RR2d 685, 690 (1985) ("We believe that television stations actually do or logically can rely on the area within the Grade B contours for economic support. Thus, we believe that the communities do, in fact, comprise a single television market for economic purposes.")

Arbitron includes Concord within the San Francisco-Oakland-San Jose "area of dominant influence." Also, KFCB derives over 90 percent of its revenue from cities other than Concord within the market. See Press Broadcasting Request to Include Clermont, Florida in the Orlando-Daytona Beach-Melbourne, Cocoa, Florida Television Market, DA93-579 (released May 19, 1993)(Arbitron's conclusion that Clermont is within the Orlando-Daytona Beach-Melbourne "area of dominant influence" also supports the conclusion that the stations compete and that there is economic interdependence). See also, Major Television Markets (Orlando, et al.), supra at ¶16.

It also appears that grant of the market re-hyphenation, as requested by KFCB, will not result in carriage beyond KFCB's Grade B contour. Indeed, under the Commission's new cable rules, it will result in no change in the number of cable systems on which KFCB may be carried. KFCB is entitled to carriage on cable systems within the San Francisco-Oakland-San Jose ADI regardless

of whether the market is redesignated. The difference in re-designation relates to the cost of such carriage. If the market is redesignated as requested by KFCB, it will be entitled to carriage on many more cable systems without having to indemnify many cable systems for increased copyright liability. As it is now, only cable systems within 35 miles of Concord may carry KFCB as a local station. If the market is redesignated, cable systems within 35 miles of Concord, San Francisco, San Jose, and Oakland may carry KFCB as a local station. This is the crux of KFCB's need for the requested market redesignation. It in essence allows KFCB to play on an even playing field and compete with the other stations in its market. The Commission adopted the hyphenated market provision into its original mandatory carriage rules "to help equalize competition" between stations in hyphenated markets and "to assure that stations will have access to cable subscribers in the market, and that cable subscribers will have access to all stations in the market." Cable Television Report and Order, 36 FCC Rcd. 143, 176 (1972). See also Major Television Markets (Fresno/Visalia, California), 57 RR2d 1122, 1125 (1985)(a particularized need for inclusion in the market evidenced by the fact that a station would be placed at a competitive disadvantage as against other stations in the same market).

The public interest is benefited since, by eliminating unfair competitive advantage to other market stations, the public is benefited by the continued viability of an additional independent voice in the market place. This is all achieved by

market re-designation at no expense to other San Francisco,
Oakland, San Jose stations.

Respectfully submitted,

FIRST CENTURY BROADCASTING, INC.

By A. Wray Fitch III
A. Wray Fitch III
Its Attorney

GAMMON & GRANGE, P.C.
Seventh Floor
8280 Greensboro Drive
McLean, VA 22102
(703) 761-5000

June 29, 1993

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